Receipts...\$246,000,000
And that the expenditures for the same period, if there be no reduction of the army, will be:
For the cavit service....\$40,000,000
For pensions and indians...\$18,000,000
For War Department, including \$6,000,000 bounties...\$6,000,000
For Navy Department....\$18,000,000
For Navy Department....\$18,000,000
For interest on public debt.

Expenditures..... \$221,000,000 the receipts and expenditures under existing laws the fiscal year ending June 30, 1870, are estimated

Receipts..... \$327,000,000 

es. Upon the subject of internal taxes the Secretary has already spoken. In regard to the character of the revenue officers he has only to say that there must be a decided change for the better in this respect if the system is to be rescued from its demoralized condition. After careful redection the Secretary has come to the conclusion that this change would follow the passage of the bill reported by Mr. Jenckes, from the Joint Committee on Retrenchment and Reform, on the 14th of May last, entitled "A bill to regulate the civil service and promote the efficiency thereof." The Secretary gives to this bill his hearty approval, and refers to the speech which was made, upon its introduction, by the gentleman who reported it, for an able and lucid exposition of its provisions, and for a truthful and graphic description of the evils of the present system of appointments to office.

On the bill day of October last, the day for their

to office, the 5th day of October last, the day for their ar quarterly reports, the number of national was 1.644, seventeen of which were in volun-liquidation.

manipulations of money changers and from the utter unsuitableness of such a currency to the circum-stances of the country, can be counted by millions. It is only necessary to compare the circulation of the State banks with that furnished by the national banks, to vindicate the superiority of the present system. Under the national banking system, the government which authorizes the issue of bank notes and compels the people to receive them as money assumes its just responsibility and guaran-tees their payment. This is the feature which espe-cially distinguishes it from others and gives to it its greatest value.

government which authorizes the issue of bank notes and compels the people to receive them as money assumes its just responsibility and guarantees their payment. This is the leature which especially distinguishes it from others and gives to it its greatest their payment. This is the leature which especially distinguishes it from others and gives to it its greatest their payment of the control of the accompanying instruction and management of the banks in the commercial metropois and to the amendments proposed by him to the act.

On the 5th day of October last the loans or discounts of the banks in the city of New York amounted to \$163,634,070, only \$00,000,000 of which consisted of commercial paper, the balance being chiefly made up of what are known as loans on call, that is to say, of loans on collaterals, subject to be called in at the picasure of the banks. Merchants or manufacturers cannot, of course, borrow on such terms, and it is understood that these loans are confined mainly to persons deating, or rather speculating, in stocks or coll. This statement shows to what extent the business of the banks have become in the uncertain and dangerous speculations of the street.

The deposits of these institutions on the day mentioned amounted to \$226,445,655, and of their assets \$113,325,685, consisted of certain cash items which were in last mainly certified checks which had been passed to the creation of depositors, and constituted a part of the \$226,445,655 of deposits, although the banks always deduct such checks from their deposits in making up their statement for the payment of interest and their estimates for reserves. It is understood to be the practice of a number of the banks (perhaps the practice exists to a limited extent in all) to certify the checks of their customers in advance of the deposits of the opinion of the checks and position of the checks, which go through the circuit of the payment of the checks, which go through

and their conservatism. They are, however, app'icable to them as a class, and they undobadly apply in some measure to many banks in other cities.

The recommendation of the Comptroller that all national banks be prohibited by law from certifying checks which are not drawn upon deposits actually existing at the time the checks are certified to be good is heartily concurred in.

The Secretary has long entertained the opinion that the practice of paying interest on depositstending, as it does, to keep the banks constantly extended in their discounts—is injudicious and unsale. He therefore approves of the recommendation of the Comptroller that national banks be prohibited from paying interest on bank or individual balances.

Comptroller that national banks be prohibited from paying interest on bank or individual balances.

The Secretary also agrees with the Comptroller in his recommendation that authority he given to him to call upon the banks for reports on days to be fixed by himself. If a reserve is necessary it should be kept constantly on hand, and the business of the country ought not to be disturbed by the preparation of the banks for the quarterly reports.

The views of the Secretary in regard to the necessity of a central redeeming agency for the national banks have been frequently presented, and it is not necessary for him to repeat them.

There are other suggestion in the Comptroller's report deserving the attention of Congress which the Secretary lacks the time to consider. There is one subject, however, not discussed by the Comptroller, to which the Secretary invites special attention.

Although the national banking against should be

Although the national banking system should be relieved from the limitation now imposed upon the aggregate amount of notes that may be issued, this cannot safely be done as long as the suspension of specie payments continues. Nevertheless, measures should at once he adouted to remode as for as massiculity. Atthough the national banking system should be relieved from the limitation now imposed upon the aggregate amount of notes that may be issued, this canno, safely be done as long as the suspension of specie payments continues. Kevertheless, measures should at once be adopted to remedy, as far as practicable, the inequality which exists in the distribution of the circulation. As the government has, by the tax upon the notes of State banks, deprived the States of the power of furnishing facilities to their citizens, it is obviously just that those States which are thus deprived of these facilities, or which do not share equally with other States in the benefits of the national banking system, should be supplied with both banks and notes. There are two modes by which this may be accomplished. One by reducing the circulation of the banks of large capital only—the other by limiting the amount of notes to be furnished to all the banks—say to seventy per cent of their respective capitals. The latter mode is preferable, as by it no discrimination would be made between the kanks and all would be strengthened by a reduction of their inabilities and by a release of a part of their means now deposited with the Treasurer, which would be of material service to them in the preparation they must make for a return to specie payments. If a redeeming agency should be established, the reduction of the circulation of the existing banks could be affected as rapidly as new banks can be organized in the Western and Southern States where they are needed.

The new Territory of Alaska has been the object of much attention during the past year, but its distance, and the uncertainty of the act of the last session, the administration, by special agency (which in the absence of the regular machinery was of necessity resorted to), has been superseded by the appointment of a collector to reside at Sitka, who left for his post in September 18th, and has probably, cre this, entered upon the discharge of his outies.

A gentleman from thes producin

lerinory, who are herce and warlike), are a gentle, harmies race, easy to govern, but of great enterprise and daring in the pursuit of game, many of them passing annually in their stin cances from the mainhand and Aleutian islands to the Islands of St. Paul and St. George, a distance of about one hundred and fifty miles, through a strong sea, and returning with the proceeds of their hunt.

The seals are extremely timid and cautious. They approach their accustomed grounds each year with the greatest circumspection, sending advance particle of the committee and at once forsaking places there are not an accustomed grounds cach year with the greatest circumspection, sending advance particle of the committee of the

high taxes consequent upon the war. The nonor and the welfare of the country demand its restoration.

Accompanying this report there is a very securate and instructing chart, prepared by Mr. S. Nimmo, Jr., a clerk in this department, which presents in a condensed form the progress of sulpbuilding in the United States from 1817 to 1863.

Since the abrogation of the treaty of June 4, 1854, between the United States and Canada no favorable opportunity for a reconsideration of the commercial relations of the two countries has been presented. Canada has yet to consolidate a political confederation with the other English cotonics and possessions on this Continent, and until the hostility of Nova Scola to that measure is removed and the concurrence of Northwest British America is secured the authorities at Ottawa are in no situation to make an adequate proposition to the United States in exchange for the great concession of an exceptional tartif on our northern frontier in favor of the leading Canadam staples. On the other hand, until the United States shall have fully matured a satisfactory system of duties, external as well as internal, the Secretary would be indisposed to favor any special arrangement which would remove any material branch of the revenue system from legislative control. Meanwhile a Canadian policy for the enlargement of the Welland and St. Lawrence canads to dimensions adequate to pass vessels of 1,000 tons burden from the Upper Lakes to the Atlantic, will doubtiess be regarded as indispensable to any substantial renewal, by treaty or legislation, of the former arrangement. The discussions and experience of the last twelve months are regarded, by the Secretary, as warranting an authorative comparison of views between the representatives of Great Britain and Canada and the government of the United States, and in that event this Department will cheerfully contribute, by all appropriate means, to comprehensive measures which shall assimilate the example of the Zoliverien of the Cerman States.

The pro

communities on the American continent might not imitate the example of the Zollverien of the German States.

The progress of the coast survey has been satisfactory and commensurate with the appropriations, as will be seen from the annual report of the superintendent of that work. During the past year surveys have been in progress in the following localities, named in geographical order, viz.:—On the coast of Maine, in Penobscot bay and on the islands lying within its entrance; on the shores of St. George's and Meioniak rivers; in Muscongus bay; on the estuaries of Quolog bay and in the vicinity of Portland, completing all the Inshore work between the Penobscot and Cape Elizabeth. In Massachusetts, between Barnstable and Monomoy, completing the survey of Cape Cod. In Rhode Island, on the western part of Narraganset Bay. In New York, at Rondout and in the Eay of New York. In New Jersey, on the coast near the head of Barnegat Bay. In Maryland and Virginia, on the Potomac river and the southern part of Chesapeake Bay. In North Carolina, in Pamhico Sound and on its western shore, including Neuse and Bay rivers and off the coast north of Hatteras. In South Carolina, on the estuaries of Port Royal Sound. In Georgia, on St. Catharine's, Doboy and St. Andrew's Sounds; in the Florida Straits and in the bay between the keys and main shore of Florida. On the coast between Hensacola and Mobile entrances. At the passes of the Mississippi and in Galveston, Matagords and Corpus Caristi Bays, on the coast of Texas. In California surveying parties have been at work on the coast between Buenaventura and Santa Barbara, at Point Sal and on the Peninsula of San Francisco; in Oregon, on Yaquinna Bay, Columbia and Uehaleur rivers; in Washington Territory, on Puca Straits and in Puget Sound.

In the Coast Survey Office forty-eight charts have been entirely or partially engraved during the year, of which mincteen have been published. Regular observations of the tides at seven principal stations have been kept up, and tide tables for all

lished. A new edition of the "Directory," or 'Coast Pilot," for the western coast has been prepared, and a preliminary guide for the navigation of the northwestern coast has been compiled.

This brief glance at the operations of the Coast Survey during the past year shows the great scope of that work, which has justly earned a large measure of public favor. Its importance to the commerce and navigation of the country is now well understood, nor can its incidental contributions to science fall to be appreciated by the representatives of the people. The work should be pressed steadily forward, with means sufficient for the most effective working of the existing organization, so that it may embrace, at no distant period, the whole of our extended coast line within its operations, including the principal harbors in our newly acquired Territory of Alaska.

The report of the Lighthouse Board is as usual an interesting one. No bureau of the Treasury Department is conducted with more ability or with a more strict regard to the public interests than this.

In view of the extension of the lighthouse system, consequent upon the fincrease of the commerce of the country and the acquisition of sea coast territory, it is respectfully submitted that some authoritative definition of the limit to which aids to navigation shall be extended by the general government should be called upon to do more than to thoroughly provide the sea and lake coasts with lights of high order, both stationary and floating, and so to place lights of inferior order as to enable vessels to reach secure anchorages at any season of the year.

The act of Congress, approved August 31, 1852, establishing the Lighthouse Board, directs that the coasts of the United States shall be divided into twelve districts. It is recommended that authority be given to increase the number of districts to fourteen.

The business of the Eurean would be facilitated if

twelve districts. It is recommended that authority be given to increase the number of districts to fourteen.

The business of the Eureau would be facilitated if Congress should confer the franking privilege upon the Elighthouse Board in the same manner and upon the same terms as it is now exercised by the several bureaus of the Treasury Department.

The attention of Congress is called to the annual report of the Director of the Mint, which contains the usual statistics of the coinage of the country, and various suggestions and recommendations, p hich are worthy of consideration.

The total value of the buillon deposited at the mint and oranches during the fiscal year was \$27,166,318, of which \$26,472,894 was in gold and \$1,683,423 in silver. Deducting the redeposit, the amount of actual deposit was \$23,591,325.

The coinage for the year was in gold coin \$18,114,425; gold bars, \$6,029,510; silver coin, \$1,135,759; silver bars, \$46,236; nickel, copper and bronze coinage (one, two, three and five cent pieces), \$1,713,385; total coinage, \$23,964,660; total bars stamped, \$6,483,646.

The gold deposits of domestic production were at Philadelphia, \$1,309,33; at San Francisco \$44,830,117; at New York, \$5,409,96; at Benver, \$15,733. The silver deposits were at Philadelphia, \$1,50,533.

The gold and silver deposits of foreign production were \$1,680,002. The amount of gold coinage at Philadelphia, \$1,712,385.

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The gold and silver deposits of foreign production were \$1,680,002. The amount of gold coinage at Philadelphia, \$1,713,385.

The branch mint at Denver has never coined money, and its expenses are entirely out of proportion to its business. The law under which it was organized should be repeated, and the institution reorganized should be repeated, and the institution reorganized should be repeated, and the institution reorganized and of the government, and when the new mint building in San Fran

the process; but the experience of the past four years shows that not less than \$30,000 annually may be saved to the government by discontinuing the business of reffing upon the Pacade coast; and it is, therefore, recommended that the Secretary be authorized to exchange the apparted builton deposited at the mint for reduced bars whenever, in his opinion, it may be for the public interest to do so.

It is also recommended that authority be given for the redemption of the one and two cent pieces by the Treasurer, under such rules and regulations as may be prescribed by the department.

On the first day of April last Mr. R. W. Raymond was appointed Commissioner of Mining Statistics, in place of Mr. J. Ross Browne, now Commissioner to China.

was appointed Commissioner of Mining Statistics, in place of Mr. J. Ross Browne, now Commissioner to China.

Mr. Raymond was instructed to continue the work so ably commenced by his predecessor, and his report will show with what dingence and ability he is performing the duties assigned to him. The Secretary invites the attention of Congress to this report, and asks for the recommendations which it contains due consideration.

The following extract from the Secretary's report of 1867 presents, in language which he cannot make more explicit, his present views:—

The Secretary respectfully recommends the reorganization of the accounting onces of the Treasury Department, so as to place this branch of the public service under one responsible head, according to what seems to have been designed in the original organization of the Department, and followed until the increase of business led to the creation of the office of Second Comptroller and subsequently to that of Commissioner of Customs. There are now three officers controlling the settlement of accounts, each independent of the others, and, as a consequence, the rules and decisions are not uniform where the same of like questions arise. In the justiment of the Secretary the concentration of the accounting offices under one head would secure greater efficielency as well as greater uniformity of practice than can be expected under a divided supervision. It is believed, also, that it would be advantageous to releve the Commissioner of Customs of the duty of setting accounts and to confine his laborate the supervision of the accounting officers and appellate jurisdiction from their decisions, to which should be transferred the duty of examining and to confine his laborate that the office of Cinif Comptroller be created, having general supervision of the accounting officers and appellate jurisdiction from their decisions, to which should be transferred the duty of examining and countersigning warrants on the Treasury, and of colecting debts due the compton of the dep

about the secretary also recommends that a change been more than doubled.

The Secretary also recommends that a change be made in regard to the adjustment and settlement of accounts in the office of the Third Auditor; that a period be fixed within which war chains shall be presented, and that measures be adopted to perpetuate testimony in cases of claims that are disallowed.

The able report of the Treasurer gives a detailed account of the operations of the Treasury during the last fiscal year, and contains many valuable suggestions for the consideration of Congress.

The report of the supervising architect gives full and detailed accounts of the progress that has been made in the construction of public buildings.

The reports of the supervising architect gives full and detailed accounts of the progress that has been made in the construction of public buildings.

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The reports of the hasts of all the respective bureaus will be found to be of unusual interesting period of its history.

Mr. S. M. Clark having resigned the office of Superintendent of the Bureau of Engraving and Printing, Mr. G. B. McCartee has been placed temporarily in charge of it. As the past management and present condition of this bureau are now under investigation by the Joint Committee on Retrenchment and Reform, the Secretary feels at liberty only to say at this time that, from the examinations which he has caused to be made by officers and clerks of this department, he feels justified in remarking that the reports which have been at various times put in circulation in regard to over-issues of notes or securities and of dishonesty in the administration of the customs service, and with considerable success. The process is necessarily slow and beset with difficulties; but material reduction bus been already made, and still greater is in progress.

During the war the business of the Treasury Depa

necessarily slow and beset with difficulties; but material reduction has been already made, and still greater is in progress.

During the war the business of the Treasury Department was so largely and rapidly increased, and so many inexperienced men were necessarily employed, that perfect order and sytem could not be enforced. Many accounts were meetified, and some branches of business had fallen into confusion. Much attention has been given by the Secretary "to straightening up" the affairs of the department. He is now gratified in being able to say that order and system have been introduced where they were found to be needed; that the bureaus are in good working order, and that the "machinery" of the department is in as satisfactory condition as perhaps it can be, under existing laws. The result of the examinations which he has caused to be made has excited his admiration of the wisdom displayed by Mr. Hamilton in the system of accounting which he introduced, and most favorably impressed him with the value of the services of the men, who, poorly paid and little known beyond the walls of the Treasury building, have for years conducted, with unfaitering fidelity, the details of a business, larger and more complicated than was ever devolved upon a single department by any government in the world.

In concluding this communication, it may not be inappropriate for the Secretary, in a few brief words, to review some points in the general policy of the administration of the Treasury for the past four years.

years.
The following statement, published in the last Treasury report, exhibits the condition of the Treasury on the 1st of April, 1865:— | St. | St.

Cash in the Treasury ....

\$2,423,437,002 56,481,924 Total..... \$2,360,955,077

the lite after ord times temporary to make previous hands and of comes monomary to make previous hands are formed to the comes and the comes a

in the Treasury, there were exceptishous waiting for parametric triedly in the parametric of which parametric with the parametric dentity in the parametric of a parametric dentity in the parametric dentity of a parametric dentity of the parametric dent

has been completed, and the expense of rent greatly, reduces thereby. The warehouse authorized at Jeffersonville will not be erected, as that depot will be broken up. The \$150,000 appropriated for that warehouse have been remitted to the Treasury.

Of the debt of Southern rabiroads for material sold to them after the war, \$4.627,065 remain unpaid.

The erection of a sultable building to accommodate the several branches of the War Bepartment is recommended as a measure of economy and efficiency. An appropriation of \$50,000 is asked for a stock farm to supply horses for the cavairy. No appropriation for clothing or camp equipage is required. An increase of the number of assistant quartermasters to fifty is urgenity recommended as necessary to the proper administration of that department.

Attention is invited to the operation of the joint

quired. An increase of the number of assistant quartermasters to fity is urgently recommended as necessary to the proper administration of that department.

Attention is invited to the operation of the joint resolution of March 20, 1838, by which the control of the appropriations for the War Department is taken, in a great measure, from the Secretary of War and vested in the accounting officers of the Treasury, in consequence of which large sums have been and are being paid from those appropriations contrary to the advice and opinion of the War Department.

Subsistence department.

During the past year the supplies for the army have been mainly parchased in the large markets of the country, though the policy has been steadiasely adhered to of purchasing near to the points of consumption whenever and wherever the same could advantageously be done. The prospect of supplying the troops in the Territories and on the Pacific in this manner is increasing and the subject is being uniquently inquired into by the department.

The average cost of the army ration during the year has been slightly above twenty-three cents.

Tobacco to the monthly value of \$20,000 has been furnished the troops at cost prices.

Subsistence to the value of over \$30,000 has been supplied for the purposes of the Freedmen's Bureau, and to the value of more than \$370,000, for the support of Indians—a large decrease in both instances. In settlement of the claims for commutation of rations of Union soldiers while prisoners of war \$131,605 have been allowed, \$630,000 are swalting decision and the balance have been received from time to time during the year from over 800 different officers. The appointment of assistant commissaries of subsistence from ileutenants of the line, with a trilling increase of pay while so acting, is again recommended, as is also the appointment of post commissary sergeans.

Measures maye been instituted for executing the law abolishing the office of aring suiter, by providing a considerable variety of articles for sale to

last report have been reported during the present year.

One hundred and forty-six thousand one hundred and binety-seven cases (being an average of three for each man in the service) recured medical treatment during the year ending aune so, 1808, of which about 50 per cent were cases of disease, and the rest of wounds, accidents and injuries. The total number of deaths from all causes was 1,521, of which about 85 per cent, was from disease, and the the rest from wounds, injuries and accidents; 422 deaths were from yellow lever and 228 from cholera. The discharges upon certificate of disability number 1,671. The strength of the army during this period was 50,000 men. 50,000 men. Sixteen casualties (including five deaths) have oc-

Sixteen casualties (including five deaths) have occurred in the medical corps, and there are 49 vacancies in the grade of assistant surgeon.

The actual expenditures during the fiscal year were 384,124 20, and the balance on land was \$1,475,792 20 on the 30th of June last.

The disburgements of the Pay Department during the last fiscal year have been:—
For the regular army.

108,003
To volunteers.

42,606,144

CONTINUED ON LIGHTE PAGE.